



August 18, 2006

***Via UPS 2<sup>nd</sup> Day (Signature Required)  
First Class U.S. Mail***

Stephanie O'Callaghan  
11 Glengary Road  
Croton-on-Hudson, NY 10520

RE: INTENT TO TERMINATE FRANCHISE AGREEMENT  
*Area: Dobbs Ferry, Hasting-on-Hudson, NY- Franchise #100672*

Dear Stephanie:

Curves International, Inc. ("Curves") hereby informs you of its intent to terminate your Franchise Agreement dated July 6, 2000 ("Agreement") for failure to submit fees in accordance with Section 3 of the Agreement. Curves' records indicate that you currently owe the following:

- \* Delinquent royalty fees in the amount of **\$790.00** for the months of April 2006 and July 2006, as well as late fees in the amount of **\$70.00**;
- \* Delinquent advertising fees in the amount of **\$390.00** for the months of May 2006 and July 2006, as well as late fees in the amount of **\$70.00**;
- \* Delinquent product fees in the amount of **\$16.16** for the 2006.

Curves must be in receipt of a cashier's check totaling the amount of **\$1,336.16** for the above delinquent fees and payments within **TEN (10) DAYS** of your receipt of this letter. You must send your cashier's check to: Jeff Burchfield, General Counsel, Curves International, Inc., 100 Ritchie Road, Waco, Texas 76712. Absent a response within the specified time period, Curves will have no choice but to terminate your Agreement. Upon termination, you may be reported to your local credit bureau and a collection lawsuit may be filed against you which asks the court to award Curves monetary and equitable relief, including all delinquent amounts, attorney's fees, court costs, damages and enforcement of the post-termination covenant not to compete.

If you dispute any portion of this debt or require additional information, please feel free to contact me **in writing** via facsimile at (254) 399-9509, or via email at [curveslegal@curves.com](mailto:curveslegal@curves.com). Be advised that this is an attempt to collect a debt and any information obtained will be used for that purpose.

Very truly yours,

Curves International, Inc.

By:   
Jeff Burchfield  
General Counsel

curves  
SHIPMENT RECEIPT  
08/18/06 11:37 AM

UPS Account No.: E79647  
Sorted By: Order of Shipment

| Name/Address   | Shipment Detail  | Options                               | Reference Rate<br>Charges |
|--|--|---------------------------------------|---------------------------|
| Ship To:<br>STEPHANIE O'CALLAGHAN<br>11 GLENGARY RD<br>CROTON ON HUDSON NY 10520-2139<br>(Residential) | Service Type: UPS 2ND DAY AIR<br>Total Packages: 1<br>Hundredweight: No<br>Billable Wt.: LTR<br>Billing Option: Prepaid<br>Package Ref No.1: Legal | Shipment Service Charge:              | \$ 14.27                  |
| Shipment Option  | Shpts Pkgs Ref Charges   | Billing Option Shpts Pkgs Ref Charges |                           |
| Package Option   | Pkgs Ref Charges   | Prepaid 1 1 \$ 16.52                  |                           |
| Delivery Confirmation  | 1 \$ 2.25  | TOTAL CHARGES*                        | \$ 16.52                  |
|  |  | 1 Shipment(s)                         |                           |
|  |  | 1 Package(s)                          |                           |

\* Fuel Surcharge Included